

# **FSMIP Final Report**

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Trade and Consumer Protection  
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## ***Farmstead Dairy Systems Development***

### **Background**

The basis for this project began with a partnership between the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) and the University of Wisconsin's Extension Service. In the fall of 1999, the two agencies collaborated to host a conference targeted at dairy farmers who had interest in adding value to their farms' milk production through on-farm processing. The conference was entitled Farmstead Dairy Foods Conference. The purpose of the conference was to provide an educational forum to respond to the occasional requests the agencies received about farmstead dairies. Pre-conference planning estimated that 60-70 farmers might attend such an event. However, actual conference attendance totaled over 250 participants with guests coming from throughout the Midwest. Based on the extraordinary conference attendance plus positive post evaluations, we determined that there was an overwhelming need from dairy farmers in Wisconsin to learn more about farmstead dairy options, and for help with implementing their plans.

The reasons farmers were interested in learning about on-farm, value-added dairy options at this time were as diverse as the individuals; however, there were shared, recurring responses from conference participants which included the following:

- Farmers were interested in taking control of their product (including labeling, marketing, and production techniques) and setting their own prices.
- Farmers wanted to respond to increasing consumer demand for healthy food choices, with emphasis on organic, specialty, and local products.
- Farmers wanted to find a way to continue to farm, and the current system was not providing them with the prices they needed to stay and be competitive in an increasingly global economy. They were looking for creative solutions.

Following the Farmstead Dairy Foods Conference, DATCP began to evaluate and search for potential resources to help meet the needs of this interest area. What they found was that successful farmstead dairy operations were few in number, not because there was no demand for the products or interest from farmers, but because there was no infrastructure to support their methods of production, marketing, and distribution. There were no farmer networks, no technical aid, and no updated regulations and guidelines, prohibiting even the most ambitious and promising dairy artisan from making his/her product. DATCP's evaluation concluded that any existing attempts to meet the needs of this growing interest

group were short-term, reactionary approaches that lacked any long-term, holistic vision for the sustainability of the products or the producers.

DATCP submitted a request for funding to the Federal State Market Improvement Program in the Spring of 2001. Selected for approval, project activities under the name “Farmstead Dairy Systems Development” began in the fall of 2001. This project has been successful for farmers, dairy artisans, and consumers throughout Wisconsin, with contributions benefiting those outside Wisconsin’s borders as well. The original project goals were met and in many cases exceeded, with follow-up projects (which were not planned or proposed) that can be traced to having their origin in this project. The economic impact, although difficult to measure, will be significant as the project provides part of the basis for Wisconsin’s repositioning itself as *the* Specialty Dairy State.

### **Context of Project**

The development of this project was opportune for producers, processors, and consumers. Throughout the 1990s and continuing into this project, Wisconsin’s dairy industry experienced intense, sometimes painful changes. Much of this change could be traced to depressed milk prices, larger herd sizes, and over-production. In 1995, Wisconsin had 28,000 dairy farms, while in 2002 the number of dairy farms had dropped to 17,800<sup>1</sup>. While the number of farms plummeted in Wisconsin, the total number of milk cows declined by only 9 percent, indicating that dairy farms are getting bigger. Wisconsin still lags far behind emerging dairy states in the West. In 2002, for instance, Wisconsin's dairy farms averaged 74 cows; that same year, New Mexico dairy farms had an average of 836 cows.<sup>2</sup>

Many of the remaining dairy farm families have either repositioned their farms or are contemplating options. For some, the selected option has been to increase size and scale of their farms. Others have modified production practices in order to reduce costs and maintain their quality of life. Many of these have begun to utilize the lush pastures of Wisconsin through Management Intensive Grazing (MIG) systems.

Along with these production changes, many dairy farmers and processors had begun to believe that payment premiums could and should be captured for the high quality milk produced in the unique environments of Wisconsin. Looking outside the state, they found that other states’ dairy industries had already recognized this potential. Just as important, they also found that marketers, distributors, and consumers had begun to actively search for unique dairy foods.

With these changes and developments in both dairy production and the market place, the time was right for Wisconsin to begin repositioning itself as the state for dairy artisan production. If this repositioning could occur, then positive economic impacts would be felt by all, including the farmers and processors producing the artisan dairy products; the communities of which they are a part; and the state’s entire dairy industry, which would (re)gain national recognition as a state producing excellent, unique dairy products.

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<sup>1</sup> Wisconsin Agricultural Statistics Service, 2004.

<sup>2</sup> Wisconsin Agricultural Statistics Service, 2004, from article in Chicago Tribune.

For this repositioning to happen in Wisconsin, many resources needed to be identified, mobilized and coordinated to create effective programs. Fortunately many of the resources needed were available and with FSMIP funding for the Farmstead Dairy Development project an effective program has been developed.

### **Goals and Objectives**

The vision of the Farmstead Dairy Systems Development project was to develop an organized network of resources and services for dairy farmers who were either currently processing on-farm or were considering it as an option. The grand scope of this vision lent itself to being dynamic and to evolve as the needed resources and services took shape.

The goals and objectives outlined in the original proposal are as follows.

*1. Expand the number of successful farmstead operations in Wisconsin and the region.*

An increase in the number of successful farmstead operations would validate that on-farm methods of adding value to a dairy farm's milk are financially feasible. An increase would also offer more examples for others considering options both from within Wisconsin and throughout the region.

Initially, the program made an effort simply to find people who were interested in farmstead dairying and grow the network. To stimulate growth in numbers, programs were developed to provide basic information like organizing field days, hosting a web site, and distributing literature/brochures on the topic. In addition, updated technical information (newly identified resources and personal) and educational training programs were collected and made accessible. And finally, we explored the possibilities within marketing and distribution systems, providing people with links to marketing options. In all cases, every effort was made to ensure that information distributed was accurate, realistic, and in no way misleading.

At the start of the project, six farmstead processing operations were functioning in Wisconsin. Today the number has grown to 17, with three more due to begin processing in the first half of 2005. All of these are experiencing business and sales growth.

It should also be noted that during the course of this project, Wisconsin witnessed the start-up of a new method for individual dairy farmers to add value to their milk. By contracting with a small, specialty processing plant to produce a product using only the milk of their particular farm, a dairyman is able to avoid the costs of building an on-farm processing facility. During the period of this project, at least nine different variations of this method were developed.

*2. Develop and offer intensive training in specialty, small-scale dairy manufacturing and food safety procedures.*

Historically, food safety and dairy manufacturing training programs in Wisconsin have been intended for large-scale production. With the increased interest in specialty and artisan dairy processing, it was essential that existing training resources either modify or develop new programs.

The University of Wisconsin system with its two Colleges of Agriculture (UW-Madison, UW-River Falls) aggressively developed programs to meet this need. Both of the colleges have dairy plants that are recognized around the world. Working with the Wisconsin DATCP and other resources (*e.g.*, Wisconsin Milk Marketing Board), they devised innovative programs to meet the needs of both on-farm and small-scale dairy processors. New course offerings include artisan cheese making, affinage (curing of cheese), and courses for specific types of products (*e.g.*, cheese, ice cream).

UW-River Falls recently began offering the first course of its kind-an on-line Farmstead Sanitation Course that fulfills cheese making and butter making licensure requirements. Training programs are open to and have been attended by dairy artisans from Wisconsin and throughout the nation. Information on course offerings can be found at [www.wisconsinidairyartisan.com](http://www.wisconsinidairyartisan.com) (see attached brochure).

*3. Research and develop with producer participants a collaborative/network approach to sharing information, services, and resources.*

The importance of this goal was reinforced through initial interviews with artisans and feedback from our steering committee. However, we were warned up front (and continued to find along the way) about the challenges we would face in achieving collaborative networks, some of which include the following:

- Lack of time available for farmer artisans.
- Competitive nature of traditional farmers.
- Distance between current artisan operations.

With these obstacles in mind, we devised a three-pronged strategy to meet our goal. Our approach included:

- Internet: With the assistance of both the Wisconsin Milk Marketing Board and the University of Wisconsin-Madison, we created a website ([www.wisconsinidairyartisan.com/artisan](http://www.wisconsinidairyartisan.com/artisan)) to post information as well as provide links to resources. We also established a chat room, but only got occasional use from that.
- Group Marketing: Partnering with the Marketing section of DATCP's Division of Agriculture Development, project personnel identified key

marketing opportunities for dairy artisans. Project personal then coordinated participation in these events for artisans who desired to work as part of a group in the marketing effort. The most extensive example of this strategy involved sales efforts through selected farmers markets. In 2004, 6 artisans collaboratively marketed through four different weekly farmers markets in the region. A result of this collaborative effort is that the artisans are developing an informal network to share information regarding production, processing, and marketing.

- **Directory of Farmstead Artisans:** We developed three documents listing and describing farmstead and small-scale artisans that included contact information, farm/business description, and available products. Through this document, many of those listed came to learn about others who were doing similar enterprises throughout the state. In addition, people considering developing an artisan product were able to identify people already in the business, and could contact potential peers/mentors.

#### *4. Complete a farmstead producer directory.*

As mentioned above under the collaborative network goal, we created three directories as a response to different audiences and as an effort to always provide the most accurate and up-to-date information. The directories have not only played a role in nurturing cooperative relationships within the artisan cheese community, but also helped the artisans to further market and educate consumers about their products. During the course of the project, additional farmstead artisans began production, and (due partly to the project) a newly-defined area of specialty dairy production – Artisan Dairy Products – gained recognition and demanded market attention.

The most extensive directory – *The Wisconsin Artisan and Farmstead Dairy Directory* – was developed through a partnership between the FSMIP grant, DATCP, and the Wisconsin Milk Marketing Board. Distributed across the nation, the directory serves as an education and marketing tool for dairy producers and processors. Because of work, evaluations, and programs we were able to develop through the FSMIP grant, we made sure that the directory lists not only cow-based dairy processors, but goat and sheep as well. This publication is enormously popular among artisans, processors, sellers, and consumer, so a second edition (2005) is currently being produced.

#### **Implications-Looking Past the Farmstead Dairy Development Project.**

The results of this project offer possibilities and hope for farm families, their communities, and the state's dairy industry. Most Wisconsin dairy farmers cannot compete on the commodity milk production market with Western states because of financial requirements and the fragile nature of Wisconsin land. In order for the state's small- and medium-sized farms to survive and thrive (along with their communities and

the businesses that depend upon them), Wisconsin's artisan dairy industry needs to continue to grow.

At the beginning of this project, we hoped that a basic foundation would be laid to support continued work in this area for farmers and dairy artisans. We have laid that basic foundation, and much more. Because of changes in dairy farming in Wisconsin, adjustments in the marketplace, and the initial success of this project, new areas of work are being developed, including:

- National Artisan Dairy Conferences: Planning is nearly complete for Wisconsin's (and the nation's) first hands-on national artisan dairy processing course (a partnership between DATCP, the Dairy Business Innovation Center, and the UW system). To be held in November 05.
- Research Study Programs: Administered and coordinated by the Babcock Dairy Institute (UW-Madison), the program assists artisans with contacts and travel to foreign countries to research dairy processing techniques.
- New Cooperatives: During the life of this project, at least four small-scale milk cooperatives began operations. All are attempting to capture added value for the special milk their member farms produce.
- Cost Analysis Programs: DATCP is partnering with other states (*e.g.*, NY, VT) to analyze actual costs of production for dairy artisans. Paper due out summer 2005.
- Equipment and Processing Development: New small-scale processing techniques and equipment have been developed to meet the needs of artisan and farmstead dairy processing. The world's first mobile cheese plant was completed and began production in 2004.
- Value Added Dairy Initiative: Recognizing the importance of Wisconsin's dairy industry, Congress ear-marked \$2 million in fiscal year 2005 and \$2.5 million for fiscal year 2006 to DATCP. A significant portion is dedicated to building and growing Wisconsin's artisan/specialty dairy industry. Website URL for the Grow Wisconsin Dairy Team is <http://www.growwisconsinmilk.org>.
- Dairy Business Innovation Center: A non-profit funded by the Value Added Dairy Initiative. Composed of experts from throughout the United States and the world, the DBIC offers services and resources to farmers, processors, and others in the dairy community who are attempting to increase profitability and develop new products, processes, and markets. The DBIC began official operations in the summer of 2004. DBIC is currently working with 94 clients. Website URL for the Grow Wisconsin Dairy Team is <http://www.dbicusa.com/>